

IMPORTERS' MYTHS PREVENTING CONSUMERS FROM CHOOSING U.S.A. BEEF

Background: Both former President Trump's and President Biden's "Buy American" Executive Orders highlight the need to restore Mandatory Country-of-Origin Labeling (M-COOL) for beef and a bipartisan group of Senators have responded by introducing the "American Beef Labeling Act of 2021," (S.2716) that reinstates M-COOL for beef, which will profoundly benefit America's consumers and America's cattle farmers and ranchers. Unfortunately, the importers and all their entrenched Washington, D.C., lobbyists and insiders continue spreading false information designed to derail S.2716.

Importers' Myths

COOL Truths

The U.S. cannot disregard the World Trade Organization's (WTO's) ruling against M-COOL.

S.2716 directs the U.S. Trade Ambassador and the Secretary of Agriculture to develop a WTO-compliant means of reinstating M-COOL for beef. It is premature to presume the two cabinet members cannot develop such a means before they have tried. It is also premature to expect any WTO ruling similar to the blatantly conflicted 2015 ruling because Ricardo Ramirez-Hernandez, a Mexican national and attorney in service to Mexico, will no longer be the Presiding Member of the Appellate Body that, unsurprisingly, ruled in favor of Mexico and Canada. Also, the U.S. did not seek a diplomatic resolution before repealing M-COOL as it did in other cases it lost at the WTO. But now, S.2716 directs two cabinet members to explore such a remedy.

If consumers wanted M-COOL, the marketplace would voluntarily apply M-COOL labels.

This is the problem: Importers are voluntarily applying the "Product of USA" label, but they are putting it on imported beef products that are merely unwrapped and rewrapped in the U.S. and on beef derived exclusively from foreign cattle.

M-COOL harms American cattle producers by adding costs to the beef supply chain.

When COOL for beef was fully implemented (2013-2015), American cattle producers received historically high prices for their cattle and their profitability, as measured by returns per bred cow, were also at historical highs. In fact, USDA data show that returns per bred cow dropped 83% since M-COOL's repeal for beef (from 2015-2020). Beef supply chain costs may consist of packers having to source more domestic cattle in response to an increased demand for U.S. born and raised beef, and producers may experience the added cost of increasing their herd to meet an increased demand.

All beef is the same regardless of where the animal was born and raised.

This is false as other countries do not have identical environmental, production and food safety standards as the United States. It is also irrelevant because a label stating "Born, Raised and Harvested in the USA" distinguishes the product as one produced entirely under the U.S.'s food safety system and by American farmers and ranchers.

M-COOL does not need to be mandatory as producers can voluntarily label their beef.

No, they cannot. In the beef supply chain, cattle producers sell live cattle to the packers that subsequently transform those cattle to beef. Thus, it is the packer and not the producer that can decide whether to label and, obviously, it is not in the packers' interest to inform consumers as to the true origins of their beef.

M-COOL disrupts the "integrated North American beef supply chain."

A handful of importers choose to purchase imported beef and cattle rather than American beef and cattle and they enjoy windfall profits by passing these cheaper, undifferentiated imports off to unsuspecting consumers as if they were American grown. They also use undifferentiated imports to fill any supply gaps, thus eliminating opportunities to rebuild the U.S. cattle industry and attract new entrants to the ranching sector. M-COOL will end the importers' exploitation of the lack of transparency in the market and allow the marketplace to determine the value of beef produced in each North American country: the U.S., Canada, and Mexico.

M-COOL cannot be implemented without a national animal identification system.

This is false. M-COOL was effectively implemented from early 2013 through 2015 without a mandatory animal identification system. It relied on producer affidavits and a presumption of domestic origin (animals not bearing a permanent foreign import marking/brand can be none other than exclusively born and raised in the United States).

M-COOL requires the segregation of imported cattle and imported beef

M-COOL does not require segregation but packers may choose to use the same protocols they employ for maintaining the identity of beef of differing quality grades, such as Prime, Choice, Select, etc., and for beef eligible for certain branded programs, such as

and such segregation is difficult and costly.

Certified Angus Beef, or natural or organic programs, all of which require product tracking throughout the beef manufacturing process after the animal is harvested. The beef packing industry is fully adept at identifying and tracking beef products based on a wide range of production-based criteria that are not observable in the product itself.

M-COOL is unconstitutional.

The Washington, D.C. Appellate Court's 2014 en banc decision in *AMI, NCBA et al. v USDA et al.* upheld both the constitutionality and lawfulness of Mandatory COOL for beef.
